



CITY COUNCIL

Budget Committee

Meeting Report Monday, October 7, 2013

Attending: D. Reed, Chair; D. Sterner, R. Corcoran, M. Goodman-Hinnershitz, F. Acosta, J. Waltman, S. Marmarou, D. Cituk, C. Younger, C. Zale, L. Kelleher, M. Bembenick, H. Tangredi, V. Spencer, E. Lloyd, C. Snyder, D. Pottiger, L. Murin

Mr. Acosta called the Budget Review meeting to order at approximately 5:45 pm.

Parking Lot Items

Mr. Bembenick reviewed the Parking Lot list, which shows additions to the budget. The cost for the nine (9) additional full-time employees and three (3) part-time employees is \$668,812. The cost for the non-labor additions is \$123,875. He explained that all additions and increases from all departments were placed in the parking lot. After the initial budget was assembled, these additions were evaluated and added if proper justification was provided.

Ms. Goodman-Hinnershitz stated that this is the second year that the Administration has not prepared a performance based budget that contains the justification for the new positions and initiatives.

Mr. Acosta agreed and asked the Administration to submit written justification for all the additions to the proposed budget. He stated that Council will make a decision based on the merits of the justification.

Land Value Tax (LVT)

Mr. Lloyd stated that PFM has endorsed the LVT in the document sent last week and that he is preparing a response to the questions issued.

Ms. Goodman-Hinnershitz stated that after reading the entire document, she was left with the belief that PFM had not endorsed this type of property tax, but instead laid out the pros and cons associated with the tax.

Ms. Reed agreed noting that during the conversation at the Act 47 meeting last Thursday, it was not clear that PFM agreed with the switch to LVT, but instead suggested trying it for a one (1) year period.

Mr. Acosta noted the need for the Administration to have endorsements from various other organizations and communities such as the Chamber, R-BAR and community groups.

Mr. Spencer stated that the tax is revenue neutral to the City. However, Mr. Sterner noted that is not revenue neutral to the taxpayers as some will pay less, some will pay more and others will pay a lot more. He stated that this application is a tax shift.

Mr. Cituk inquired about how the LVT will be applied with the old, faulty assessments. Mr. Lloyd stated that he has found approximately 300 properties with faulty assessments and he is working to correct this issue. He stated that the current tax system applies one single millage rate to both the building and the land values. The LVT applies a lesser millage to the building and a greater millage to the land.

Mr. Corcoran inquired if the County is prepared to implement the tax. Mr. Lloyd stated that negotiations are occurring with the County.

Ms. Goodman-Hinnershitz stated that Mr. Kersley offered to get the County's commitment in writing.

Ms. Snyder stated that during her talks with Mr. Geffken she was left with the belief that the County IT Department will be prepared to implement the change to LVT.

Ms. Reed noted that there may be issues resulting from a change in County Treasurers which will occur in early January.

Ms. Goodman-Hinnershitz expressed concern with implementing this change in the current economy where people are not flush with money to improve properties and banks are hesitant to approve loans. Mr. Lloyd stated that he is also working to correct this gap.

Mr. Acosta stated that various businesses and commercial properties are in a type of transition. He used the CNA building at 401 Penn Street as an example. Mr. Spencer noted the need to meet with I Lead officials to discuss their use of the building and their vision.

Mr. Waltman questioned the Administration's vision for the downtown. He stated that he will only agree to the first phase of the LVT and will go no further until a comprehensive plan for various initiatives, including economic development is in place.

Ms. Kelleher stated that Mr. Younger believes that as per the Administrative Code, a separate public hearing for the LVT is required.

Per Capita Tax Amendment – Home Rule

Mr. Younger was asked to complete the ordinance for introduction at the October 14th meeting. Ms. Kelleher stated that the amendment must be advertised for a three week period and that a public hearing is also required.

Street Paving

Ms. Goodman-Hinnershitz noted the need to re-pave Cotton Street, as those who travel this street have suffered for over two years. Mr. Marmarou agreed.

Mr. Waltman noted the need to strengthen the City's paving requirements when street cuts occur by utility companies.

Mr. Acosta agreed, as the meter replacement project is now beginning to affect the downtown.

Ms. Kelleher stated that the correction will occur in two (2) pieces of legislation. The first piece will be introduced at the October 14th meeting and the 2nd piece regarding right of way management should be completed within 4-6 weeks.

Mr. Marmarou inquired why it should take eight (8) months to correct an issue with the aerial line supplying power to a streetlight.

CDBG Budget Review

Mr. Agudo inquired if Council has any questions about the proposed CDBG budget.

Ms. Goodman-Hinnershitz inquired if letters were sent to outside agencies that will not be receiving funding in this year's allocation. Mr. Agudo stated that those agencies will be contacted after Council adopts the CDBG budget.

Mr. Corcoran noted that BCTV receives allocations in the CDBG and General Fund budgets. He inquired if BCTV receives any funding from the franchise fee.

Ms. Reed replied that BCTV received funding from the General Fund not from the franchise fee.

Mr. Acosta reminded Council about the opportunity to meet with BCTV to discuss programming and other issues. Ms. Katzenmoyer is arranging those meetings.

Mr. Sterner stated that BCTV claims they are entitled to receive the franchise fee.

Ms. Reed stated that BCTV funding should not be used to support the BCTV Channel or the web site. The funding supplied by the City should be used to cover the MAC Channel only.

Mr. Waltman suggested dedicating discussion time to Act 73, the 2015 financial gap and the EIT gap. He suggested retaining the 0.3% rate on both the commuter and resident for multiple years.

Ms. Kelleher stated that PFM has agreed to a 0.1% reduction for the EIT rate. She noted that the Court can only approve one year.

Ms. Goodman-Hinnershitz stated that she does not agree with funding BCTV. She asked Mr. Younger to review the franchisee agreement and issue a recommendation.

Mr. Waltman inquired about PFM's report on police overtime and questioned how it will impact the 2014 budget. Ms. Snyder stated that PFM will be discussing this issue again at the end of November. Council suggested discussing this report before the vote on the budget, as some of the items would help to reduce overtime spending.

Ms. Reed and Ms. Goodman-Hinnershitz recounted the discussion from the Act 47 Implementation meeting regarding Act 73. They noted the need for the City (Council and the Administration) to agree on a plan of action including the overall goal and the amount of money expected by the end of the first quarter of 2014.

Mr. Acosta and Ms. Snyder stated that the Administration is working on options and that they plan to disclose the options to Council at the end of October. Ms. Snyder stated that 5-6 viable options are under discussion.

Mr. Acosta inquired how this will interplay with RAWA's role on the CDC. Mr. Spencer stated that the two are unrelated, as the CDC will act like a "one-stop shop" and will address water concerns to potential developers.

The next budget session will occur at 4:30 pm on Monday, October 14th. A one hour timeslot will be budgeted at the beginning of the COW. The Parking Lot justifications will be discussed.

*Respectfully submitted by
Linda Kelleher CMC, City Clerk*